



Theewaterskloof
Municipality

**STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENT:
LG MTEC 2020
Theewaterskloof Municipality**

04 May 2020

Impact of COVID-19 on Municipal Planning & Budgeting

Service Delivery Challenges

- Heavy reliance on Standby Teams and can only attend to service delivery interruptions such as sewer blockages, water network breakages, water- and sewer purification.
- Stock levels are running low to repair services like pipe breakages and sewer blockages.
- No maintenance can be done, only repairs.
- Vehicles and equipment cannot be repaired as some of these service providers are not open for business.
- No capacity and equipment to clean public open areas like taxi ranks, public toilets as well as communal toilets in informal settlements.
- Building of illegal structures in informal settlements are a serious problem – moratorium place on the demolition of illegal structures during lock down.
- Difficult to enforce social distancing and to manage informal settlements.
- Limited service providers for PPE as well as low stock of PPE – not your normal PPE for normally use.
- Officers of Traffic and Law Enforcement tired of long working hours.

Service Delivery Challenges

LED Challenges:

- Many businesses is temporarily closed whilst others have to stop operations totally.
- Limited trading hours for Spaza Shops
- Limited trade for authorized Hawkers
- Tourism in general suffers – Especially the Accommodation Facilities
- Small businesses operating from their houses such as Hair and Beauty Salons etc. has suspended services
- Businesses in the Fast Food industry are experiencing serious financial difficulties.

- Internal LED administrative challenges – the compilation and finalization of the LED Strategy which is only funded for 2019/2020 out of the operational budget.
 - Public Participation with the various stakeholders.
 - Quality of product versus limited time and input.
 - Spending before 30 June 2020.

Social Commitment Challenges

1. IGR structure :

Daily Teams meetings with District DIRCO – operational issues discussed and reported on. Social sector cluster established for the District with daily reports submitted on :

- meals distributed per town

- Parcels distributed by Sassa and DSD

- Challenges & risks arising

- Isolation and quarantine site confirmations

- Collaboration with NGOs and Churches : ongoing contact, distribution and confirmation of in kind donations

2. Private sector collaboration:

Bi-weekly Teams meeting with Red Cross Greyton and Elgin Foundation(Solidarity Fund) - evaluation of funding requests and mobilising of private sector funding : TWK assist with transport of apples from pack houses to central distribution points in Vdorp and Grabouw, as well as distribution of Greyton Red Cross food parcels (weekly).

Social Commitment Challenges

3. Challenges:

- Donor and volunteer fatigue, more and more NGOs and churches are looking to Government for financial and capacity support.
- Reporting and data capturing at NGO level a challenge.
- District and Province requires high level reporting on names and numbers of people fed.
- Not all NGOs have the capacity for detailed data capturing and M&E. Those requests frustrate the NGOs as focus is on leveraging support from donors and distributing meals as speedily as possible not on data capturing.

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- Distribution of Government food parcels going incredibly slow putting additional pressure on NGOs.
- There is also need for PPEs and sanitation materials for NGOs and churches.

Social Commitment Challenges

3. Challenges:

- We still don't have accommodation for the homeless and winter is fast approaching.
- TWK submitted business plan and urgently awaits outcome. Need financial support to cater for the homeless.

Another challenge:

- DSD requests municipalities to help verify applicants, yet municipalities do not have means of confirming who is receiving sassa grant & other grants - no such software/system.
- Only 2300 parcels allocated for Overberg yet over 17000 applications received.
- Province still refers applicants to DSD for support knowing well that the quota for the District almost exhausted.

2019/20 Financial Year

As at the End of March 2020:

A summary of the operating revenue and expenditure and capital expenditure is presented in the following table:-

Particulars	Capital Expenditure	Operating Revenue	Operating Expenditure
Original Budget	130 592 976	621 839 215	574 584 625
Adjust Budget February 2020	123 104 532	662 454 979	610 143 132
Actual Result (YTD)	38 738 232	350 967 690	356 066 260
Variance	84 366 299	311 487 289	254 076 872
Variance %	69%	47%	42%

Operating revenue currently reflects a variance of 47% and operating expenditure a variance of 42%.

Reprioritisation & Tabling of Special Adjustment Budget by end May 2020

Herewith follows the key initiatives that will be re-prioritised in the Operational Expenditure Budget:

- Procurement of 'handheld non-contact thermometers' to be used at all entry and exit points of municipal buildings and sites (est. cost R 100 000.00);
- 'Fever detection camera' to be installed at Head Office Building (est. cost R 135 000.00);
- Safeguarding of all personnel by erecting perplex screens at each office desk (est. cost R 150 000.00);
- Sanitation of all corporate buildings and related municipal spaces (est. cost R 200 000.00);
- Sanitation of public utilities being frequently used such as taxi ranks, open market spaces, public toilets etc. (est. cost R 1 100 000.00 business plan submitted to COGTA);
- Inventory of Face masks and hand sanitizers (est. cost R 100 000.00);

Reprioritisation & Tabling of Special Adjustment Budget by end May 2020

Below is indicative quantities already reported to National Treasury:

Quantities Needed (6 month forecast)	April	May	June	July	August	September	Total
Mask - N95	3600	3600	5600	5600	4600	4600	27600
Mask - Surgical	1000	1500	1500	1500	1500	1500	8500
Mask - Other	1000	1000	1000	1000	1000	1000	6000
Gloves - Surgical & Examination - Natural Rubber Latex	2600	2600	4600	4600	3600	3600	21600
Gloves - Surgical & Examination - Nitrile Rubber Latex	1000	1000	1500	1500	1500	1000	7500
Gloves - Heavy duty	2000	2000	2500	2500	2000	2000	13000
Apron							0
Gown							0
Goggles / Face-Shield / Viser	800	800	800	800	800	800	4800
Scrubs							0
Sanitisers - liters	2000	4000	4000	4000	4000	4000	22000
Disinfectants - liters	4000	8000	8000	8000	6000	6000	40000
Boot covers							0
Biohazard bags							0
Test Kits							0
Other: Specify Protective body suits	3480	4480	5480	5480	4480	4480	27880

2020/21 MTREF

IDP & Budget Process

BEGROTING/BUDGET: 2020/2021 THEEWATERSKLOOF MUNISIPALITEIT/MUNICIPALITY TIME FOR PUBLIC COMMENTS AND INPUTS

Residents of the Theewaterskloof Municipal-area must note that the municipal draft budget for 2020/21 was published on the Municipal Website and that the public, including the business sector(s) and other sectors, can now submit comments and other inputs before the end of April 2020.

Herewith the Municipality publishes a newsletter with a summary of the 2020/21-Budget and the holistic views of the Executive Mayor about the budget. Please note that this is a PRE-COVID-19-PANDEMIC budget and that the final budget could differ from the Draft Budget due to the impact of the pandemic on municipal finances.

WEBSITE: <http://www.twk.org.za> - go to documents - click on budgets - under archive go to 2020 and click - click on March - you will see all the budget documents 2020/2021 - click on the documents to open them.

TYD VIR KOMMENTAAR EN INSETTE

Inwoners van die Theewaterskloof Munisipale-gebied moet kennis neem dat die Konsepbegroting vir 2020/21 op die munisipale webblad verskyn en dat die publiek, insluitende die besigheidsektor(e) en ander sektore, voor einde April 2020 daarop kommentaar en insette kan lewer.

Hiermee saam publiseer die Munisipaliteit 'n nuusbrieff met 'n opsomming van die begroting en die Uitvoerende Burgemeester se oorsigtelike opmerkings daaroor.

Neem asseblief kennis dat hierdie begroting pre-COVID-19-PANDEMIE is; en dat die Finale Begroting, in terme van die impak van die pandemie op munisipale finansies, kan verander.

WEBBLAD: <http://www.twk.org.za> - gaan na "documents" - klik op "budgets" - onder "archive" klik op 2020 - klik op "March" - u sal al die begrotingsdokumentasie vir 2020/2021 sien - klik daarop om dit oop te maak.

**ACTING / WAARNEMENDE CFO
ASHWILLE RIDDLES
2020/04/19**

[illegible]

IDP & Budget Process

The screenshot shows a Facebook post from Theewaterskloof Municipality. The post is titled "Notice: IDP & SDF & Budget" and includes a call for public comments. The text of the post states: "Please note that the 2017/2022 Integrated Development Plan (IDP) and Spatial Development Framework (SDF) has been amended and approved by council for public comment. The draft amended IDP can be accessed on the website under the Integrated Development Plan" ion. Due to the size of the SDF document, readers interested to comment on the document, can obtain a copy of the document by sending a request to Mr. Johan Pienaar (johannespi@twk.org.za). The comment period ends on 24 April 2020. Comments on IDP can be directed to Mr. Verohne Arendse at verohnearendse@twk.org.za and comments on the SDF to Mr. Johan Pienaar at johannespi@twk.org.za on or before closing date." The post has 2,118 likes, 200 interactions, and 7 shares. The left sidebar shows the municipality's profile and navigation options. The right sidebar shows a notification about Facebook's help and a language selection menu.

Theewaterskloof Municipality

Gepubliseer deur Theewaterskloof Municipality [?] · 9 Apr. om 11:36

Theewaterskloof Municipality

Notice: IDP & SDF & Budget

Call for public comments

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TWK MunCOMMS

2020/04/09

2 118
Mense bereik

200
Interaksies

Gee plasing 'n hupstoot

3
Hou van

Maak opmerking

Deel

7 delings

Stuur e-pos

Stel wysigings voor

Blad-deursigtigheid

Sien meer

Facebook wys tans inligting om jou te help om 'n Blad se doel beter te verstaan. Sien handelinge wat uitgevoer is deur die mense wat inhoud bestuur en plaas.

Blad geskep – 12 April 2016

Afrikaans · English (US) · Français (France) · Español · Português (Brasil)

Privaatheid · Bepalings · Reklame · Advertensiekeuses · Webkoekies · Meer · Facebook © 2020

Assumptions – planning, spatial, financial, economic

- A disproportionate growth in the number of low-income earning individuals is experienced and is expected to continue;
- The ability of the municipality to deliver services like shelter/housing, water, sanitation, refuse removal and to establish a sustainable environment for people to live in peace, harmony and dignity is constrained by the growing service delivery demand, ageing infrastructure and adequate bulk service capacity needed;
- Revenue available for development is under strain due to a combination of factors;
 - Revenue collection (89% collection rate) is below the national norm of 95%. The change to a new financial system that is MSCOA compliant resulting in a challenge to adequately execute Credit Control and Debt Collection.
 - The growth in indigents and the equitable share not keeping track with a fast increasing number of indigents resulted in a constant equitable share deficit.

Assumptions – planning, spatial, financial, economic

- In the face of sluggish and variable National and Provincial economic growth and job creation, identifying and extending TWK Municipality's local economic competitive advantage is key;
- It is essential to foster a long-term developmental partnership between TWK Municipality, business and specifically the agriculture sub-economic sector. This relationship, which is strained from time to time due to the sector's belief of an unequitable contribution to rates and taxes, is very important for the sustainability of TWK;
- Lastly, change brings with it uncertainty, and the introduction of the new organigram is still to deliver on its intended efficiency gains and optimisation and to support the municipality in achieving the principles as reflected in the IDP Review 2018/19

Key service delivery & fiscal risks

1. Revenue collection will be affected negatively due to most people finding themselves without an income and businesses having to close as they are regarded as non-essential.
2. Danger pay for essential workers could cause essential workers to put tools down. There's already voice notes going around of union members raising the issue of danger pay and its percentage.
3. We have fallen behind with administration, this will result in the municipality forfeiting some funding that was received for interventions.
4. Municipality's service delivery capacity is reduced due to the pandemic. There's is risk of critical strain to the capacity should there be a spread of the virus within the municipality, where teams would need to be quarantined.
5. Some companies we have binding contracts with might not be able to fulfill their obligations post the Covid 19 pandemic. Some might reopen with limited capacity and some might not reopen at all.
6. Cyber crime (With officials working from home, this opens a gap to cyber-attacks ranging from phishing scams to ransomware, doxware, theft of data, industrial espionage and other hacking attempts.

Revenue Optimisation Strategies

- We have successfully concluded on the March 2020 month end procedures, which includes a normal billing run.
- Unfortunately, the consumer / rate payer's accounts could not be distributed due to the service provider and the Post Office that had to suspend their operations under the lockdown regulations.
- We have however used the various electronic mediums available to the municipality to broadcast widely for debtors to honour payments amidst these challenging times.
- This notice were posted on the municipal website, municipal email account, municipal facebook page, local newspapers with their online portals and to an array of WhatsApp groups within each ward and sector.

Revenue Optimisation Strategies

- Here follows an extract that highlights the significance:

“Only Municipal account statements which is distributed by email will be distributed. If you do not receive an account for this period use your February 2020 account statement as basis and guideline for payment or you can request an account by sending an email to accounts@twk.org.za which refers to your account number. Accounts will then be send by email during business hours.

Remember not receiving a municipal account does not justify default payments.

No interest will thus be charged and no water and electricity will be restricted or disconnected. This is a temporary arrangement until the end of April 2020.

This message also included how and where to pay municipal accounts and prepaid electricity.”

Revenue Optimisation Strategies

- **We do anticipate a drop of 15 to 20 percent in the collection rate for April 2020**, due to the close down of many small businesses that has both an effect on the business account as well as the employees that lives within the municipal area.
- In addition, we have learnt through experiences that when no credit control is performed, the collection rate declines.
- It is therefore critical for us to engage with the service provider to develop a portal on our website where consumers can access their municipal accounts.
- We will have to closely monitor our collection rate and adjust our expenditure accordingly in order to prevent a cash deficit at year end.

Expenditure priorities & efficiencies

- In respect of Creditors, a plan is in motion to ensure that a small contingent are available to process payments and to ensure that all internal controls are adhered to.

Payments will take place once a week on a Friday for the month of April 2020 to comply with the required 30 days. Urgent and continuous communications were sent **to user departments to still comply with essential requirements of procurement, based on the guidance as per Circular 100.**

- In respect of Salaries and Wages, will continue as set for each month on the 25th, unless alternative arrangements are announced per National directive and/or regulations.

The department is geared to prepare and do the normal salary run for April 2020 without any other travel claims, overtime, standby and acting allowances. Due to the lockdown and logistical challenges, all these other owed benefits will be included in the May 2020 salary run.

Capital Budget

CAPITAL FUNDING SOURCES	2020/2021
MIG	22 294 783
NEP	5 859 000
Own Funds (VAT Portion)	4 222 217
Drought Relief Grant	1 750 000
Energy Efficiency and Demand Side Management	3 479 000
Loans	44 567 787
Roll Over Own Revenue Insurance claim	3 708 270
Roll Over SANRAL	4 421 191
Roll-over Loans	7 364 001
Capital Replacement Reserves (Insurance claim)	421 940
Capital Out of Revenue	10 209 187
Roll Over Capital Out of Revenue	1 379 750
Housing Grant	25 500 000
Library	120 000
	135 297 125

2020/21 MTREF Budget

The following table provides a consolidated overview of the proposed 2020/2021 MTREF taking into consideration tariff adjustments and increases to input costs:

Description R thousand	Current Year 2019/20	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Operating Revenue	(662 455)	(663 790)	(688 246)	(723 332)
Total Operating Expenditure	610 143	617 358	645 018	683 226
(Suplus)/Deficit for the year	(52 312)	(46 431)	(43 228)	(40 106)
Total Capital Expenditure	123 105	135 297	111 197	98 790

2020/21 MTREF Budget

The major items of operating revenue are as follows:

Description R thousand	Current Year 2019/20	Budget Year 2020/21	% of Total Revenue	Growth 2019/20 - 2020/21
Property Rates	110 000	116 980	18%	6%
Service Charges	238 698	256 711	39%	8%
Operational grants	155 813	141 354	21%	-9%
Capital grants	74 685	63 424	10%	-15%
Other own Revenue	83 259	85 321	13%	2%
	662 455	663 790	100%	0%

2020/21 MTREF Budget

The major operating expenditure items are summarised below:

	Current Year 2019/20	Budget Year 2020/21	% of Total Expenditure	Growth 2019/20 - 2020/21
Employee costs	224 787	241 390	39%	7%
Remuneration of councillors	12 615	12 513	2%	-1%
Depreciation & asset impairment	29 066	23 752	4%	-18%
Finance charges	20 019	20 930	3%	5%
Materials and bulk purchases	147 671	141 484	23%	-4%
Transfers and grants	163	97	0%	-40%
Other expenditure	175 822	177 193	29%	1%
	610 143	617 358	100%	1,2%

Areas for Integrated Service Delivery, Collaboration, Support

Areas for Integrated Service Delivery, Collaboration, Support

GENERAL SUPPORT NEEDED:

- It is not sure under the current lockdown regulations whether physical Council meetings are permissible. Rules of order only caters for physical meetings. May have an impact on passing the MTREF 2020/21 and the adjustment budget for 2019/20.
- We need clarity and legal certainty on the continued relationship with the mSCOA service provider beyond 30 June 2020 which is the expiry date of the contract.
- The grant fund of R304k for Caseware – no Vesta site where caseware is functional and it is requested that the funds be utilised for a report writer on the Vesta/Collaborator platform which will also require less maintenance since it will be integrated.

Areas for Integrated Service Delivery, Collaboration, Support

HOUSING

Hillside Hostels electrification

Earlier this year we submitted a business plan to LG for the electrification of the Hillside Hostels in Grabouw. Feedback is required as the community is still without electricity.

Watermeters on low cost housing construction projects

A number of our projects are awaiting feedback on the additional cost/ shortfall on the smart meters we require them to install. The housing subsidy provides for +/-R495 for a utility meter but the cost of a smart meter is +/-R2300. The department of human settlements can not cover this cost. TWK will have to find a funding mechanism for this.

Going forward it will have to be built into tender documents.

Areas for Integrated Service Delivery, Collaboration, Support

HOUSING:

Shortfalls on historic projects - Kromco and Coetzee houses

These projects are historic and for various reasons was never finalised. We now have contractors on site for both projects but due to escalations over the years the costings are higher and we won't be able to do finish the projects as initially planned with the funds we have available. Both these projects entails the retrofit of old scheme houses (bringing them to standard and improving the living conditions) Perhaps consideration can be given to a request for some additional funding???

Asla contract

There is a real need to have clarity on how we intend progressing with the Asla contract. They are still performing work and will expect payment??

Areas for Integrated Service Delivery, Collaboration, Support

HOUSING:

Matters that can be expedited

- Planning applications
- The longer the lock own progresses the greater the risk to invasions , and although there is a strong stance against it, very recently we know the lost battle of the CoCT.
- Thus consideration must be given to expediting certain approvals vested with sister departments - Environmental authorizations in particular are in many cases the last approvals we receive.

Areas for Integrated Service Delivery, Collaboration, Support

CORPORATE SERVICES:

Unresolved Support initiatives:

- Still waiting on feedback for possible funding/ capacity support after several needs and problem areas were identified with Province (Sandra Greyling).
- Corporate support requested: Funding for ICT security audit, ICT security capacity, Individual Performance funding and capacity, capacity building for specific professional services (students/internships).
- Request for funding for Climate study and Productivity study from Province.
- Feedback with regard to business plan submitted related to funding for ICT Disaster Recovery implementation (Eda Barnard).



Theewaterskloof
Municipality

Thank You